

Message Text

CONFIDENTIAL

PAGE 01 OSLO 00702 110716Z
ACTION PM-04

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C O N F I D E N T I A L OSLO 0702

SECDEF FOR DEPSECDEF DUNCAN FROM AMBASSADOR ANDERS; ASD
FOR F-16 SPO

E.O. 11652: GDS 84
TAGS: PFOR, MASS, NO
SUBJECT: PROPOSED MEETING ON F-16 LOA PAYMENTS

1. THE NORWEGIAN MOD'S DIRECTOR GENERAL OF LOGISTICS AND MATERIAL, GENERAL H.S. OMRENG CALLED ON ME FEBRUARY 9 TO REQUEST HELP IN ARRANGING A MEETING WITH YOU FOR THE MOD'S UNDER-SECRETARY OF STATE FOR DEFENSE, MR. JOHAN HOLST AND DIRECTOR GENERAL OMRENG. THEY WISH TO DISCUSS THE PAYMENT SCHEDULE SET FORTH IN THE F-16 LOA FOR NORWAY. THEY WOULD LIKE TO CALL ON YOU DURING THEIR UPCOMING VISIT TO WASHINGTON ON EITHER FRIDAY 25 FEB OR MONDAY 28 FEB, WHICHEVER YOU PREFER.

2. THEIR CONCERN, AS OMRENG ADVISED ME, IS NOT WITH THE COSTS REFLECTED IN THE LOA (WHICH THEY CONSIDER FAIR), BUT WITH THE SIZE OF THE PAYMENTS DURING THE FIRST TWO OR THREE YEARS OF THE CONTRACT. THOSE PAYMENTS ARE GREATER THAN THE GON BUDGETED FOR, AND THEY WISH TO OBTAIN SOME RELIEF THEREFROM SO AS NOT TO HAVE TO GO BACK TO THE NORWEGIAN PARLIAMENT TO REQUEST AN INCREASE IN THEIR DEFENSE BUDGET
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 OSLO 00702 110716Z

AT THIS TIME. SUCH A REQUEST AND ENSUING PARLIAMENTARY DEBATE WOULD PROVIDE AN OPPORTUNITY TO THOSE POLITICAL ELEMENTS IN OPPOSITION TO FURTHER POLITICIZE THE F-16 PROGRAM.

3. OMRENG EXPRESSED APPRECIATION FOR SECDEF'S PREVIOUS (JAN 77) ADJUSTMENT IN THE PAYMENT SCHEDULE; HOWEVER,

HE SAID THE NORWEGIANS HAD TO REQUEST A GREATER ADJUSTMENT AND THEREFORE WANTED TO RAISE THE ISSUE TO A POLITICAL LEVEL. OMRENG IMPLIED TO ME THAT IF THE FIRST TWO YEARS' PAYMENTS COULD BE FURTHER REDUCED THE NORWEGIANS WOULD BE ABLE TO INCREASE THE PAYMENTS SCHEDULED FOR THE THIRD AND FOURTH YEARS. I TOLD OMRENG I WOULD PASS THESE CONCERNS, AND THE REQUEST FOR A MEETING, ALONG TO YOU.

4. COMMENT: SOME RELIEF HAS ALREADY BEEN PROVIDED TO THE NORWEGIANS AND THERE COULD WELL BE PROBLEMS IN INTRODUCING SUCH BILATERALISM INTO A MULTINATIONAL PROGRAM. THERE ARE HOWEVER, GOOD ARGUMENTS FOR YOUR MEETING HOLST AND OMRENG. FIRST, THEY ARE IN AN ELECTION YEAR HERE IN NORWAY, AND THE EMBASSY AGREES WITH OMRENG'S JUDGEMENT THAT IF THE GON HAD TO GO BACK TO THE PARLIAMENT FOR MORE MONEY NOW IT WOULD TEND TO PLAY INTO THE HANDS OF THE PROGRAM'S RECENTLY VOCAL OPPONENTS. REGARDLESS OF YOUR DECISION CONCERNING THE PAYMENT PROFILE, IT WILL CERTAINLY HELP THE GON'S LEADERS, LIKE HOLST, TO BE ABLE TO REPORT TO THE PARLIAMENT THAT THEY HAVE MADE EVERY EFFORT TO SEEK RELIEF FROM HEAVIER THAN ANTICIPATED EARLY PAYMENTS. AND, HOLST IS A KEY MAN HERE--NORWAY'S LEADING STRATEGIC THINKER, UNDERSECRETARY OF STATE FOR DEFENSE AND A MEMBER OF THE LABOR PARTY'S INNER CIRCLE. HIS SUPPORT OF THE F-16 AND ON OUR GENERAL POLICY OBJECTIVES IN NORWAY IS AN IMPORTANT ASSET TO OUR MISSION. ALSO OMRENG, NOMINALLY AN ARMY OFFICER, IS FILLING A CIVILIAN POSITION DUE TO HIS CONFIDENTIAL

CONFIDENTIAL

PAGE 03 OSLO 00702 110716Z

GOOD REPUTATION AND CONNECTIONS IN THE GOVERNING LABOR PARTY. BOTH MEN ARE STRONG SUPPORTERS OF THE U.S. AND NATO. IN ADDITION, NORWAY PLAYED A KEY ROLE IN GETTING THE OTHER EPG COUNTRIES TO GO ALONG ORIGINALLY WITH THE F-16 PROGRAM AND DESERVE AT LEAST A SYMPATHETIC HEARING ON WHAT THEY PERCEIVE AS A REAL POLITICAL PROBLEM. AS A FINAL THOUGHT, IT MAY BE THAT YOU COULD OBTAIN FROM THEM SOME QUID PRO QUO-E.G., SOME RELAXATION OF THE F-16 MOU OFFSET PROGRAM OR TO THE 1968 USG/GON MOU RE U.S. PROCUREMENT OF NORWEGIAN PRODUCED DEFENSE ARTICLES AND SERVICES WHICH WOULD PLACE THE USG IN A BETTER POSITION IN EITHER OR BOTH OF THOSE EFFORTS, AND WHICH MIGHT ASSUAGE LEGITIMATE U.S. CONCERNS ABOUT ACCEDING TO NORWAY'S REQUEST FOR A RELAXATION OF THE REPAYMENT SCHEDULE.

5. PLEASE ADVISE ME IF YOU CAN MEET WITH HOLST AND OMRENG AND WHEN WOULD BE MOST CONVENIENT FOR YOU.

6. BEST WISHES IN YOUR IMPORTANT AND CHALLENGING NEW
JOB.
ANDERS

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NNN

Message Attributes

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